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Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00
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INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06
OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 PA-01
PRS-01 AGRE-00 /105 W
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R 251600Z JUL 77
FM AMEMBASSY MOSCOW
TO SECSTATE WASHDC 206
INFO AMEMBASSY BELGRADE
AMEMBASSY BERLIN
USMISSION BERLIN
AMEMBASSY BUCHAREST
AMEMBASSY BUDAPEST
AMCONSUL LENINGRAD
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AMEMBASSY PRAGUE
AMEMBASSY SOFIA
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USDOC WASHDC

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E. O. 11652: N/A
TAGS: ECON, EALR, EIND, ELTN, ENRG, EQIP, UR
SUBJECT: SOVIET FIRST HALF INDUSTRIAL PERFORMANCE BARELY MAKES PLAN

REF: MOSCOW 9946

SUMMARY: BEGIN UNCLASSIFIED: ACCORDING TO OFFICIAL SOVIET STATISTICS FOR THE FIRST HALF OF 1977, ALL BRANCHES OF INDUSTRY MET PLAN AND MANY SHOWED GOOD GROWTH OVER THE FIRST
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HALF OF 1976. LEADERS INCLUDE MACHINE BUILDING AND METAL-WORKING, UP 9 PERCENT; CHEMICAL AND PETROCHEMICALS, UP 7, AND CONSUMER DURABLES, UP 8. TOTAL INDUSTRIAL OUTPUT GREW BY 5.7 PERCENT (JUST OVER THE PLANNED TARGET), AND FIXED ASSETS PUT INTO COMMISSION WERE UP BY 6 PERCENT. LABOR PRODUCTIVITY GREW BY 4.2 PERCENT--BELOW THE ANNUAL PLAN OF 4.8 PERCENT--AND ACCOUNTED FOR THREE-QUARTERS OF THE

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GROWTH OF PRODUCTION. GAS OUTPUT, UP 8.3 PERCENT, IS THE
BRIGHT SPOT AMONG FUELS AS OIL OUTPUT IS UP ONLY 4 PERCENT.
CHEMICALS SHOWED GOOD GROWTH, BUT ARE RUNNING SLIGHTLY BEHIND
PLAN. IRON AND STEEL SECTOR SHOWS ALMOST NO GROWTH, BUT
EQUIPMENT PRODUCTION IS UP SIGNIFICANTLY OVER LAST YEAR.
NEVERTHELESS, TAKING AN OVERVIEW, INDUSTRY IS LESS THAN
HALFWAY TO MANY OF ITS ANNUAL OUTPUT GOALS, AND PROSPECTS
FOR THE FULL YEAR LOOK TO DEPEND IN PART ON THE "STORMING"
FOR THE SIXTIETH ANNIVERSARY. SITUATION REPORTED FOR
FOOD AND AGRICULTURAL PERFORMANCE IN FIRST SIX MONTHS
OF 1977 IN COMPARISON TO SAME PERIOD OF 1976 AND ITS 1977
GOALS IS SOMEWHAT BETTER THAN FOR INDUSTRIAL SECTOR.
VEGETABLE OIL OUTPUT IS MAJOR EXCEPTION. ALL-IMPORTANT
AREA OF LIVESTOCK AND MEAT PRODUCTION CONTINUES TO
REFLECT GAINS OVER LAST YEAR, AND MIGHT EVEN RECOVER THIS
YEAR TO 1975 RECORD LEVELS, IF ALL CONDITIONS REMAIN
FAVORABLE. DETAILS BEING REPORTED SEPTEL. END SUMMARY.

1. THE COUNCIL OF MINISTERES REVIEWED USSR PLAN AND BUDGET
FULFILLMENT FOR THE FIRST HALF OF 1977 ON JULY 19. PRESS
ACCOUNTS FOCUSED ON A FEW FAVORABLE DEVELOPMENTS: TOTAL
INDUSTRIAL OUTPUT ROSE 5.7 PERCENT OR SLIGHTLY ABOVE PLAN,
COMMISSIONING OF FIXED ASSETS ROSE 6 PERCENT, RETAIL TRADE
WAS UP 4.6 PERCENT AND TOTAL FOODSTUFFS INCREASED BY 8.7
PERCENT.

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2. THE JUNE INDUSTRIAL OUTPUT STATISTICS, PUBLISHED IN
ECONOMICHESKAYA GAZETA NO. 29, SHOW GOOD GROWTH IN INDUSTRIAL
BRANCHES OVER JUNE OF 1976 (SEE REFTEL). THE MONTHLY
OUTPUT OF INDIVIDUAL ITEMS WAS, AS SUSUAL, MIXED, AND THE
PATTERN WAS GENERALLY SIMILAR TO PREVIOUS MONTHS. HOWEVER,
EMBASSY CALCULATIONS OF 1977 FIRST HALF PERFORMANCE
(COMPARED TO FIRST HALF 1976) PAINT A SOMEWHAT LESS FAVORABLE
PICTURE, AND ANALYSIS OF THE OFFICIAL STATISTICS PUBLISHED
ON JUNE 23 TENDS TO CONFIRM THAT VIEW.

3. FUELS AND ENERGY.
THE BIRGHT SPOT IN FUELS IS GAS OUTPUT; AT 170 MILLION
CUBIC METERS, IT IS UP 8.3 PERCENT, JUST ABOUT HALF-WAY
TO THE YEAR'S GOAL, AND LIKELY TO OVERFULFILL SLIGHTLY
PLAN FOR THE YEAR. ACCORDING TO THE OFFICIAL STATISTICS,
OIL (INCLUDING GAS CONSENSATE) REACHED 268 MMT, UP 5
PERCENT. PROJECTED FOR THE YEARON THE BASIS OF A GROWTH
RATE LIKE THAT OF HE SECOND HALF OF 1976, IT WOULD MAKE
547 MMT, ABOUT 3 MMT AND ONE-HALF PERCENT SHHY OF THE
ANNUAL GOALS FOR OUTPUT AND GROWTH, RESPECTIVELY.
(ON THE OTHER HAND, SUMMING THE PUBLISHED MONTHLY TOTALS
GIVES ONLY 265 MMT; PROJECTED FOR THE YEAR, THAT WOULD MEAN

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ABOUT 541 MMT, DOWN SOME 9 MMT. WE HAVE NO READY EXPLANATION
FOR THE DISCREPANCY IN THE STATISTICS.) COAL OUTPUT IS UP
1.6 PERCENT, ABOUT HALFWAY TO ITS GOAL, BUT IT COULD FALL
10 MMT SHORT FOR THE YEAR. ELECTRICITY IS UP 3.6 PERCENT
AND LOOKS LIKELY TO MAKE PLAN FOR THE YEAR.

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4. IRON AND STEEL
IRON ORE IS UP 1.8 PERCENT, BUT THE REST OF THE STEEL
SECTOR SHOWS ALMOST NO GROWTH, ACCORDING TO THE OFFICIAL
STATISTICS. ROLLED FERROUS PRODUCTS ARE SOME 2 MILLION
TONS BEHIND LAST YEAR, ACCORDING TO EMBASSY'S SUMMING
OF THE MONTHLY STATISTICS.

5. CHEMICALS.
CHEMICLAS SHOW SUBSTANTIAL GROWTH OVER THE FIRST HALF
OF 1976, BUT IF THEY REPEAT THE SECOND HALF GROWTH-RATE

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PERFORMANCE OF 1977, ONLY MINERAL FERTILIZERS WOULD OVERFULFILL PLAN. MINERAL FERTILIZERS ARE UP 5.7 PERCENT, PESTICIDES 4, SULPHURIC ACID 7.3, SYNTHETIC RESINS AND PLASTICS 10.1, AND CHEMICAL FIBERS AND THREADS 6.4 PERCENT.

6. TRANSPORT

TOTAL FREIGHT TURNOVER REACHED 2.8 TRILLION TON-KILOMETERS, A GROWTH OF 4.8 PERCENT, WITH RAILWAYS ACCOUNTING FOR 1.7 TRILLION AND AUTOMOTIVE TRANSPORT FOR 53.6 MILLION OF IT. THE AMOUNT OF FREIGHT MOVED IN CONTAINERS INCREASED BY 16 PERCENT, BUT NO ABSOLUTE FIGURE WAS GIVEN.

7. CAPITAL CONSTRUCTION

FIXED ASSETS COMMISSIONED ON STATE CAPITAL INVESTMENT ACCOUNT WERE VALUED AT 23.6 BILLION RUBLES, A 6 PERCENT INCREASE. STATE CAPITAL INVESTMENT STOOD AT 45.6 BILLION RUBLES, UP 4 PERCENT. NEVERTHELESS, THOSE TWO PLANS WERE NOT FULFILLED FOR THE NATIONAL ECONOMY NOR FOR A NUMBER OF MINISTRIES AND DEPARTMENTS. MORE THAN 3,000 KILOMETERS OF VARIOUS TYPES OF PIPELINES WERE BUILT. INSTALLED CAPACITY WAS PARTICULARLY INCREASED IN THE FOLLOWING: COAL, IRON ORE, STEEL, NN-FERROUS METALS, CAUSTIC SODA, CEMENT, SEVERAL TYPES OF MACHNE BUILDING, AND THE LIGHT AND FOOD INDUSTRIES.

8. OF NINE CONSTRUCTION MINISTRIES, ONLY THREE OVERFUL-FILLED PLAN--INSTALLATION AND SPECIAL CONSTRUCTION, TRANSPORTATION CONSTRUCTION, AND LAND RECLAMATION AND WATER RESOURCES. FURTHEST BEHIND PLAN WERE INDUSTRIAL CONSTRUCTION (89 PERCENT), CONSTRUCTION OF HEAVY INDUSTRY ENTERPRISES (91), AND CONSTRUCTION (92). UP 3.1 PERCENT OVERALL, LABOR PRODUCTIVITY ACCOUNTED FOR ALL GROWTH

IN THE CONSTRUCTION SECTOR. BY MINISTRY, ITS INCREASES RANGED FROM 1.5 TO 4.8 PERCENT.

9. MACHINERY

THE INDICATORS FOR MACHINERY OUTPUT ARE UP SIGNIFICANTLY; HOWEVER, OUR DATA BASE DOES NOT PERMIT PROJECTIONS FOR THE FULL YEAR. OIL EQUIPMENT IS UP 4.3 PERCENT BY WEIGHT FOR THE FIRST HALF; CHEMICAL EQUIPMENT IS UP 8.8 PERCENT BY VALUE. EQUIPMENT FOR LIGHT INDUSTRY IS UP 9 PERCENT

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IN VALUE AND THAT FOR THE FOOD INDUSTRIES, 7.6 PERCENT.

10. COMMENT: THE DATA IN THE ECONOMICHESKAYA GAZETA MAKE IT CLEAR THAT EARLIER PRAVDA ARTICLE DEALT WITH A COMPARISON OF JUNE 1977 WITH JUNE 1976. THAT WAS BASIS FOR THE FAVORABLE PICTURE REPORTED IN REF A. FIRST HALF STATISTICS AND PROJECTIONS FOR THE FULL YEAR PRESENT A SOMEWHAT LESS OPTIMISTIC PICTURE. END UNCLASSIFIED.

11. BEGIN LIMITED OFFICIAL USE. THE MIXED PERFORMANCE PROBABLY GENERATES THE SAME REACTION AMONG THE LEADERSHIP. THE POSITIVE ASPECTS--SUCH AS THE INCREASES IN COMMISSIONED FIXED ASSETS, IN MACHINERY OUTPUT, IN GAS PRODUCTION, AND IN VARIOUS FOOD AND CONSUMER ITEMS--SUGGEST GROWTH AND THE LAYING OF A FOUNDATION FOR FURTHER GROWTH. ON THE OTHER HAND, THAT MOST BRANCHES ARE ONLY A BIT ABOVE PLAN, THAT LABOR PRODUCTIVITY IS BELOW PLAN, THAT CONSTRUCTION IS GENERALLY BEHIND PLAN AND THE LIKE--ALL POINT AGAIN TO THE SAME INTRACTABLE PROBLEMS AND THEY INDICATE THAT PLANNING IS TIGHT AND THAT MORE EFFORT IS NEEDED. THE EXTRA PRESSURE ASSOCIATED WITH THE SIXTIETH ANNIVERSARY OF THE REVOLUTION IN NOVEMBER COULD LEAD TO MEETING MORE TARGETS THAN WE NOW PROJECT, BUT IT WILL TAKE A LOT OF EXTRA EFFORT AND SUCCESS IN THE MONTHS AHEAD.
TOON

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Message Attributes

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